

## Message Text

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S E C R E T BANGKOK 2001

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E.O. 11652: GDS

TAGS: SNAR, TH

SUBJ: NARCOTICS: NEW SHAN PROPOSAL

SUMMARY: ON FEBRUARY 3, BRITISH TELEVISION JOURNALIST ADRIAN COWELL OUTLINED TO DCM MASTERS THE LATEST SHAN PROPOSAL TO ELIMINATE OPIUM TRAFFICKING IN THE SHAN STATE OF BURMA. THE PLAN, WHICH COWELL WILL SEND TO CONGRESSMAN LESTER WOLFF, IS A VARIATION OF EARLIER PROPOSALS. COWELL ALLEGES THT IT HAS BROADER BACKING FROM TRAFFICKING GROUPS THAN PREVIOUS PLANS. AS WITH EARLIER PLANS, THE MAJOR DRAWBACK IS THAT THE PROPOSAL CALLS FOR THE UNITED STATES TO DEAL DIRECTLY WITH ETHNIC INSURGENTS IN BURMA AND -- IN EFFECT -- TO FINANCE THEIR REVOLUTIONARY MOVEMENTS. END SUMMARY.

1. IN A FEBRUARY 3 MEETING WITH DCM MASTERS, ADRIAN COWELL OF THE BRITISH ATV TELEVISION NETWORK OUTLINED THE LATEST SHAN PROPOSAL TO ELIMINATE THE ILLEGAL OPIUM TRADE IN THE SHAN STATE OF BURMA. COWELL, WHO IN 1973 CARRIED THE SHAN/LO HSING-HAN PROPOSAL TO DEA AND LATER PRESENTED IT TO CONGRESSMAN LESTER WOLFF, CONFIRMED THAT THIS NEW PROPOSAL IS THE ONE WHICH CONGRESSMAN WOLFF MENTIONED IN HIS RECENT WASHINGTON PRESS CONFERENCE. HE SAID THAT THE PROPOSAL WILL BE SENT DIRECTLY TO CONGRESSMAN WOLFF, AND HE DID NOT LEAVE A COPY WITH THE EMBASSY.

SECRET

SECRET

PAGE 02 BANGKO 02001 041307Z

2. THE LATEST PLAN, ACCORDING TO SOWELL, IS THE WORK OF THE

SHAN UNITED ARMY (SUA) ALSO KNOWN AS THE LOI MAW EX-KHA KWE YEI, THE SHAN STATE ARMY (SSA) AND THE KENG TUNG SSA EASTERN COMMAND. COWELL SAID THE TONG SU KKY AND THE KARENS WILL ALSO FOLLOW THE PLAN. HE ADDED THAT THE KACHIN INDEPENDENCE ARMY (KIA) HAD BEEN INFORMED OF THE PLAN AND CAN BE BROUGHT INTO THE AGREEMENT AT A LATER DATE. THE PROPOSAL IS SIGNED BY CHANG SHU-CH'UAN (COMMANDER OF THE SUA), SAO SAU WAI (SSA) AND SUR CHOM (VICE PRESIDENT OF THE SSA-KENG TUNG, OR EASTERN, BRANCH).

3. THE PROPOSAL CALLS FOR TWO INITIAL STEPS. THE SUA WILL HOLD ONE TON OF RAW OPIUM AT A POINT ON THE BURMESE/THAI BORDER UNTIL MAY 1. THIS TON WILL BE SOLD TO THE US OR ANY OTHER INTERESTED PARTY AT A FIXED PRICE OF 3,100 BAHT (ABOUT US\$155) PER VISS (1.6 KILOGRAMS). IF THE TON IS PURCHASED THE PLAN'S BACKERS WILL SET UP A CONFERENCE OF TRAFFICKERS WHICH US REPRESENTATIVES WOULD ATTEND. EACH GROUP REPRESENTED AT THE CONFERENCE WILL BRING FIVE TONS OF OPIUM WITH IT. THE PURPOSE OF THE CONFERENCE WILL BE TO NEGOTIATE A FIXED PRICE FOR ALL FUTURE PURCHASES. THIS PRICE WILL REMAIN CONSTANT, ALTHOUGH THE ILLEGAL MARKET PRICE IS EXPECTED TO GO UP AS A RESULT OF THE DEAL.

4. THE PARTIES TO THE CONFERENCE WILL AGREE TO FOUR CONDITIONS:

- A) THEY WILL SELL ALL THEIR OPIUM TO "A THIRD PARTY" AT THE AGREED-UPON PRICE.
- B) THEY WILL ALLOW US OR OTHER INTERNATIONAL OBSERVERS INTO THEIR AREAS OF OPERATION TO ASSURE THAT THE AGREEMENT IS HONORED.
- C) THEY WILL ELIMINATE THE OPIUM BLACK MARKET IN AREAS UNDER THEIR CONTROL AND WILL ACCEPT US ASSISTANCE IN ENFORCING THE BAN.
- D) THEY WILL ALLOW FOREIGN AGRICULTURAL RESEARCHERS TO WORK IN THE SHAN STATE. BASIC SOCIO-ECONOMIC RESEARCH WILL BE USED AS A BASIS FOR PLANNING A CROP SUBSTITUTION PROGRAM.

5. ALTHOUGH COWELL ADMITS THAT HE HELPED DRAFT THE PLAN, HE SAID THAT CHANG SHU-CH'UAN OF THE SUA IS THE MOVING FORCE BEHIND IT. COWELL CHARACTERIZED THE SUA AS A "MERCENARY FORCE" AND ONE OF THE MAJOR TRAFFICKING ORGANIZATIONS IN THE SHAN STATE. THE SUA IS COOPERATING WITH THE SSA BECAUSE IT NEEDS THE LATTER'S POLITICAL STRENGTH IN THE SHAN STATE TO MAKE THE PLAN WORK. COWELL NOTED THAT THE SSA IS INCREASINGLY LEANING TOWARDS THE BURMESE COMMUNIST PARTY (BCP) AND THAT THIS MAY BE THE LAST CHANCE TO WORK A DEAL WITH  
SECRET

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PAGE 03 BANGKO 02001 041307Z

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6. COWELL SAID THAT HE WAS REALISTIC AND EXPECTED THAT THE VARIOUS GROUPS WOULD TRY TO CHEAT UNDER THE AGREEMENT. HE NOTED, HOWEVER, THAT THE FOUR CONDITIONS STIPULATED IN THE AGREEMENT PROVIDED THE NECESSARY LEVERAGE TO CONTROL THE VARIOUS GROUPS, ALTHOUGH SOME 40-100 TONS OF OPIUM MIGHT STILL FIND A WAY INTO THE ILLICIT MARKET.

7. THE DCM COMMENTED THAT THE PROPOSAL RAISED DIFFICULT POLITICAL PROBLEMS (WHICH COWELL FREELY ADMITTED) AND THAT WHILE WE WERE INTERESTED IN CONSIDERING ANY POSSIBLE WAY TO CURB THE ILLICIT FLOW OF NARCOTICS THROUGH THAILAND, HE SAW NO FEASIBLE WAY TO SUPPORT SUCH A PLAN WITHOUT WORKING THROUGH THE GUB. THE DCM ASKED IF THERE WERE ANY SPECIFIC POLITICAL PROVISIONS TO THE PLAN OR ANY WAY IN WHICH THE GUB COULD BE BROUGHT INTO THE PLAN.

8. COWELL REPLIED THAT THERE WERE NO POLITICAL PROVISIONS. HE ADDED THAT ALTHOUGH MOST SHANS SAID THEY WOULD ACDEPT NOTHING SHORT OF INDEPENDENCE, WHEN PRESSED IN DISCUSSION, THEY USUALLY ADMITTED THAT A RETURN TO THE CONSTITUTION OF 1948 IS THEIR MAJOR CONDITION. COWELL SAID THAT HE DID NOT THINK THE SHANS WOULD TRY TO PULL OUT COMPLETELY FROM THE UNION, NOR DID THEY WANT TO BECOME PART OF THAILAND.

COMMENT:

9. THERE IS A LEAST ONE IMPORTANT DIFFERENCE BETWEEN THIS PROPOSAL AND EARLIER ONES. THE SSA, PREVIOUSLY THE MOST PROMINENT BACKER OF SUCH PROPOSALS, IS BY ALL ACCOUNTS NEITHER A MAJOR TRAFFICKING ORGANIZATION NOR AN EFFECTIVE FIGHTING FORCE. THE SUA, HOWEVER, IS BOTH OF THESE AND IF OTHER MAJOR TRAFFICKERS SUCH AS THE KIA ARE BROUGHT INTO THE FOLD, A POWERFUL GROUPING CONCEIVABLY WOULD BE ESTABLISHED. ALTHOUGH THIS ALLIANCE WOULD CERTAINLY BE UNSTABLE, IT WOULD BE THE FIRST TIME SUCH A GROUPING WOULD BE ESTABLISHED, AND IT MIGHT BE ABLE TO DELIVER THE GOODS. THE ONLY MAJOR TRAFFICKING ELEMENT LEFT OUT OF THE PICTURE IS CIF/SURA WHICH, IN ANY CASE, FEELS ITSELF UNDER STRONG PRESSURES FROM THE RTG TO KEEP OUT OF NARCOTICS TRAFFICKING.

10. THE SHAN PROPOSAL MAY WELL INDICATE THAT FACTIONALISM  
SECRET

SECRET

PAGE 04 BANGKO 02001 041307Z

AMONG TRAFFICKERS, AS WELL AS THAI/U.S. SUPPRESSION EFFORTS, HAS MADE LIFE HIGHLY UNCOMFORTABLE FOR THIS JUNGLE MAFIA. THE PROPOSAL IS A NEAT WAY TO INSURING A GUARANTEED AND UNHARASSED OUTLET FOR OPIUM PRODUCTION.

11. WE EXPECT THAT CONGRESSMAN WOLFF WILL LOBBY HARD FOR THIS PLAN IN WASHINGTON. GIVEN HIS RECENT CRITICAL COMMENTS ON THE GUB ANTI-NARCOTICS EFFORT, WOLFF MAY WELL BELIEVE THAT IT IS WORTH SACRIFICING OUR RELATIONS WITH THE GUB TO TAKE A CHANCE WITH THOSE WHO ARE AT THE HEART OF THE PROBLEM.  
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